

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 OMB-01 TRSE-00

SCEM-02 INT-08 SCI-06 DRC-01 DOTE-00 /139 W

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R 181841Z DEC 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6569

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: TUC LEADERS BITTER ABOUT SHORT WORK WEEK

AND COOL TO BARBER'S MINI-BUDGET

REF: (A) LONDON 14808; (B) LONDON 14796

1. BEGIN SUMMARY: TUC LEADERS WERE DECIDELY COOL TO THE EMERGENCY MINI-BUDGET PRESENTED YESTERDAY BY THE CHANCELLOR OF THE EXCHEQUER, ANTHONY BARBER, BUT THEY RESERVED THEIR MOST BITTER REACTIONS TO THE EARLIER DECISION OF THE HEATH GOVERNMENT TO CUT BACK THE WORKWEEK TO THREE DAYS. TWO TUC LEADERS, SIR SIDNEY
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GREENE AND JACK JONES, APPEARED TO REFLECT A WIDE

BAND OF TRADE UNIONS IN THEIR COMMENTS TO US TODAY ON THE BARBER MESSAGE AND ON THE HARSH MEASURES ANNOUNCED EARLIER BY PRIME MINISTER HEATH. A CRITICAL MEETING OF THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL ON FRIDAY, DECEMBER 21, WILL ALLOW BOTH THE TUC AND THE CBI TO MAKE MORE FORMAL RESPONSES TO THESE MEASURES. END SUMMARY

2. SIR SIDNEY GREENE, THE INFLUENTIAL CHAIRMAN OF THE TUC ECONOMIC COMMITTEE, SAID THAT "BARBER HASN'T DONE MUCH." HE MINIMIZED THE EFFECT OF THE "SOCIAL JUSTICE" PROVISIONS OF THE BUDGET, SUCH AS THE TAXES ON PROPERTY GAINS, WHICH HE TERMED INSUFFICIENT, BUT HE AGREED THAT THE OVERALL EFFECT OF THE BUDGET WAS "NEUTRAL".

3. WHAT REALLY DISTURBED HIM, HOWEVER, IS THE DECISION OF THE HEATH GOVERNMENT TO GO TO A THREE-DAY WEEK. (REF A). HE SAID THAT THIS WAS TOTALLY UNNECESSARY, THAT THE GOVERNMENT HAD EXAGGERATED THE COAL SHORTAGE SINCE THE MINERS WERE STILL WORKING, AND THAT THE MAJOR REASON FOR THE GOVERNMENT'S ACTION WAS TO PUT PRESSURE ON THE TRADE UNIONS. HE SAID THAT IF THE GOVERNMENT WERE TO GO THE COUNTRY IN A SNAP ELECTION, WHICH HE DOUBTS, ITS EMPLOYMENT OF THE THREE-DAY WEEK WOULD HURT IT BADLY AT THE POLLS (REF B). SIR SIDNEY SAID THAT ON THIS QUESTION HE WAS CONVINCED THE CBI FULLY SHARED THE TUC ANTI-PATHY AND THIS WOULD BE DEMONSTRATED AT THE KEY MEETING OF THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL ON FRIDAY, DECEMBER 21.

4. SIR SIDNEY BELIEVES THE GOVERNMENT WOULD BE FAR MORE PRUDENT TO DO SOMETHING ABOUT SETTLING THE MINERS' DISPUTE AS A "SPECIAL CASE" THAN TO ALLOW A CATASTROPHIC DETERIORATION OF THE ECONOMY. HE SAID THAT HE AND THE OTHER TRADE UNION MEMBERS OF THE NEDC MET WITH WILLIAM WHITEHEAD, SECRETARY OF STATE FOR EMPLOYMENT, LAST NIGHT (DECEMBER 17) AND GAVE HIM SUBSTANTIALLY THE SAME RESPONSE TO THE VARIOUS GOVERNMENT MEASURES IN RECENT DAYS AS HE HAS LIMITED OFFICIAL USE

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DESCRIBED TO US. HE ADDED THAT HE FORESEES NO SOLUTION OVER THE HOLIDAY PERIOD TO THE INDUSTRIAL CRISIS.

5. JACK JONES, HEAD OF THE TRANSPORT AND GENERAL WORKERS UNION (TGWU) AND A VERY POWERFUL MEMBER OF THE TUC'S LEFT WING, WAS MORE CAUSTIC ABOUT THE BARBER PROPOSALS WHICH HE TERMED "COMPLETELY INADEQUATE."

HE SAID THAT IT PROVIDED VERY LITTLE AND THAT THE TAXES
ON PROPERTY GAINS MERELY RETURNED TO THE TREASURY
SOME OF THE TAX CONCESSIONS MADE A YEAR AGO. HE
DECRIED THE CUT IN PUBLIC EXPENDITURES BECAUSE OF
THEIR NEGATIVE EFFECT ON SUCH SOCIAL NEEDS AS SCHOOL
AND HOSPITAL CONSTRUCTION. JONES SAID THAT THE
BARBER PACKAGE IN GENERAL "DID LITTLE TO IMPROVE THE
ATMOSPHERE."

6. BUT JONES, LIKE SIR SIDNEY GREENE, AND OTHER TUC
LEADERS, WAS MOST ANGERED BY THE GOVERNMENT'S DECISION
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SCEM-02 INT-08 SCI-06 DRC-01 DOTE-00 /139 W

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R 181841Z DEC 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6570
INFO AMEMBASSY BONN
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TO CUT THE WORKWEEK TO THREE DAYS (REF A). HE CHARACTERIZED THIS DECISION AS AN "ATTACK ON THE WORKING POPULATION OF THE COUNTRY" AND AS "REALLY HARD, COLD SHOCK TREATMENT." INSTEAD, HE ARGUED, THE GOVERNMENT COULD RESOLVE THE INDUSTRIAL CRISIS IF IT "GAVE A LITTLE" TO THE MINERS. HE INSISTED THAT THE GOVERNMENT COULD CHANGE "STAGE THREE AND STILL ALLOW IT TO LOOK LIKE STAGE THREE." (HOWEVER, HE WOULD NOT COMMIT HIMSELF WHEN WE ASKED WHETHER THE TGWU WOULD RESTRAIN ITS OWN WAGE DEMANDS, I.E., AGREE TO A SPECIAL EXCEPTION FOR THE MINERS ALONE. HE REPLIED THAT THE TGWU DOESN'T FORMULATE ITS WAGE DEMANDS ON THE BASIS OF OTHER TRADE UNION DEMANDS.)

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7. COMMENT: DURING THIS PERIOD, WHITELOW IS TRYING HARD TO FIND SOME WAY OUT OF THE CRISIS. HE PLANS TO MEET MINEWORKERS' OFFICIALS ON THURSDAY, DECEMBER 20, FOR FURTHER DISCUSSIONS. THUS FAR PERSONAL REACTIONS BY TRADE UNION LEADERS TO WHITELOW HAVE BEEN VERY POSITIVE, BUT SEVERAL REFLECT THE JONES' VIEW THAT "WHILE HE IS VERY FRIENDLY, AND IS TRYING HARD TO CONCILIATE, HIS BASIC PROBLEM IS THAT HE IS TRYING TO JUSTIFY (SELL) THE GOVERNMENT POINT OF VIEW."

8. IN THE MEANWHILE, THE POWER ENGINEERS HAVE AGREED TO RESUME NEGOTIATIONS WITH THE ELECTRICITY COUNCIL, ALTHOUGH MAINTAINING THEIR REFUSAL TO WORK OUTSIDE OF NORMAL HOURS. THE LOCOMOTIVE ENGINEERS' "GO SLOW" BAN CONTINUES TO HAVE A DISRUPTIVE EFFECT ON TRANSPORT.

9. FOR THE MOMENT, THE GOVERNMENT AND THE TRADE UNIONS SEEM TO RESEMBLE, IN THE WORDS OF HUGH SCANLON, THE LEFT-WING LEADER OF THE AUEW, "AN IRRESISTABLE FORCE MEETING AN IRRESISTABLE OBJECT." THERE ARE NO EXPERTS IN THE INDUSTRIAL RELATIONS AREA WITH WHOM WE HAVE SPOKEN WHO CAN OFFER ANY REASONABLE HOPE THAT A SOLUTION WILL BE FOUND IN TIME TO PREVENT THE HARSH MEASURES PROMULGATED BY THE GOVERNMENT FROM TAKING EFFECT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, POLITICAL STABILITY, ECONOMIC CONTROLS, LABOR UNION OFFICIALS, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON14914
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731219/aaaaanoo.tel
Line Count: 217
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) LONDON 14808; (B) LONDON 14796
Review Action: RELEASED, APPROVED
Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jul-2001 by willialc>; APPROVED <17-Sep-2001 by mcintyresh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TUC LEADERS BITTER ABOUT SHORT WORK WEEK AND COOL TO BARBER'S MINI-BUDGET
TAGS: ELAB, PINT, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005